

timing requirements of Section 2.2 where, because of error or delay, the ISO is unable to meet the timing requirements. Any such waiver shall be published on WEnet.

2.2.12.2 Reliability Must Run Information. By no later than two hours before the close of the PX Day-Ahead Market for the Trading Day, the ISO will notify Scheduling Coordinators for Reliability Must-Run Units of the amount and time of Energy requirements from specific Reliability Must-Run Units that the ISO requires to deliver Energy in the Trading Day to the extent that the ISO is aware of such requirements (the "RMR Dispatch Notice"). The Energy to be delivered for each hour of the Trading Day pursuant to the RMR Dispatch Notice (including Energy the RMR Owner is entitled to substitute for Energy from the Reliability Must-Run Unit pursuant to the RMR Contract) shall be referred to as the "RMR Energy".

2.2.12.2.1 No later than one hour before the close of the PX Day-Ahead Market for the Trading Day, any RMR Owner receiving an RMR Dispatch Notice as indicated in this Section 2.2.12.2 (the "Applicable RMR Owner") must notify the ISO through the RMR Owner's Scheduling Coordinator (the "Applicable RMR SC"), with regard to each hour of the Trading Day identified in the RMR Dispatch Notice whether it intends to satisfy its obligation to deliver RMR Energy (i) by delivering RMR Energy pursuant to a market transaction, and receiving only market compensation therefor (the "RMR Market Option"), or (ii) by delivering RMR Energy as a contract transaction, and accepting payment under the relevant RMR Contract (the "RMR Contract Option"). If the Applicable RMR Owner so notifies the ISO by March 1, 2001, for calendar year 2001, and by January 1 of any subsequent calendar year, the RMR Owner may during that calendar year notify the ISO directly of its choice of payment option, rather than through the Applicable RMR Owner's Scheduling Coordinator. If the Applicable RMR Owner elects to provide notice of its choice of

2.2.12.2.2 RMR Contract Option -- For each hour for which the Applicable RMR Owner elects the RMR Contract Option ("Contract Hour"), it shall bid the entire amount of the RMR Energy for that hour into the PX Day-Ahead Market at zero dollars per MWh, unless the Applicable RMR Owner is precluded from bidding into the PX because of law, regulation, the applicable PX rate schedule, or the unavailability of the PX Day-Ahead Market. The Applicable RMR SC shall include in its Preferred Day-Ahead Schedule the total amount of the RMR Energy for each Contract Hour, unless the Applicable RMR Owner's total Energy award in the PX Day-Ahead Market for that Contract Hour is less than the total amount of RMR Energy for that Contract Hour, in which case the Preferred Day-Ahead Schedule shall include that lesser amount. If the Applicable RMR Owner's total Energy award in the PX Day-Ahead Market for any Contract Hour is less than the full amount of the RMR Energy for that Contract Hour, the Applicable RMR Owner shall bid the remaining RMR Energy for that Contract Hour into the next PX Market for such Contract Hour at zero dollars per MWh. The Applicable RMR SC shall include the entire RMR Energy for each Contract Hour in its Preferred Hour-Ahead Schedule for each such hour, unless the Applicable RMR Owner's Energy award in the PX markets for that Contract Hour is less than the total RMR Energy for such hour, in which case the Applicable RMR SC shall include that lesser amount. Whether or not the RMR Energy is in the Final Schedule, the Applicable RMR Owner must deliver the RMR Energy pursuant to the RMR Dispatch Notice. All RMR Energy delivered under this option shall be deemed delivered under a Nonmarket Transaction for the purposes of the RMR Contract.

2.2.12.2.3 RMR Market Option – This Section 2.2.12.2.3 provides how an Applicable RMR Owner electing the RMR Market Option shall satisfy its obligation to deliver RMR Energy.

2.2.12.2.3.1 For each hour for which an Applicable RMR Owner has selected the Market Option ("Market Hour"), the Applicable RMR Owner (i) may bid into the PX Day-Ahead Market any amount of the RMR Energy and (ii) may schedule as a bilateral Day-Ahead transaction any amount of RMR Energy.

The Preferred Day-Ahead Schedule of the Applicable RMR SC shall include as RMR Energy for each Market Hour the sum of the amount awarded to the Applicable RMR Owner in the PX Day-Ahead Market for that Market Hour and the amount scheduled as a bilateral Day-Ahead transaction for that Market Hour. If the Preferred Day-Ahead Schedule of the Applicable RMR SC for any Market Hour includes Adjustment Bids for the RMR Unit, the Adjustment Bid shall specify the RMR Energy as the minimum MW output to which the Applicable RMR SC will allow the RMR Unit to be redispatched for that Market Hour. Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy that is not bid and scheduled as required by this Section 2.2.12.2.2. In the event that the RMR Energy is not delivered, (i) if the RMR Energy had been scheduled, the Applicable RMR Owner shall not be entitled to an Availability Payment under the RMR Contract and the Applicable RMR SC shall pay for the Imbalance Energy necessary to replace that RMR Energy, or (ii) if the RMR Energy had not been scheduled, the Applicable RMR Owner shall not be entitled to an Availability Payment under the RMR Contract and, if the variable costs saved by the Owner's failure to deliver the RMR Energy (which shall be equal to the Variable Cost Payment determined pursuant to Schedule C in the RMR Contract) are greater than the

foregone Availability Payment under the RMR Contract, the Applicable RMR Owner shall pay the difference between the variable costs saved and the Availability Payment.

2.2.12.2.3.2 If the Applicable RMR SC's Preferred Day-Ahead Schedule does not include the entire amount of RMR Energy for any Market Hour, the Applicable RMR Owner shall bid all remaining RMR Energy for that Market Hour, net of any RMR Energy the Applicable RMR Owner elects to provide through an Hour-Ahead bilateral transaction for that Market Hour, into the next available PX Market for such hour at zero dollars per MWh.

2.2.12.2.3.2.1 The Applicable RMR SC's Preferred Hour-Ahead Schedule for each Market Hour shall include all RMR Energy specified in the RMR Dispatch Notice for that Market Hour, except for the amount of RMR Energy that the Applicable RMR Owner was required to bid into the PX Markets under Section 2.2.12.2.3.2 but was not awarded in such PX Markets for such hour. If the Preferred Hour-Ahead Schedule of the Applicable RMR SC for any Market Hour includes Adjustment Bids for the RMR Unit, the Adjustment Bid shall specify the RMR Energy as the minimum MW output to which the Applicable RMR SC will allow the RMR Unit to be redispatched for that Market Hour.

2.2.12.2.3.3 Whether or not the RMR Energy is in Final Schedule, the Applicable RMR Owner must deliver the RMR Energy pursuant to the RMR Dispatch Notice. If the RMR Owner has bid and scheduled the RMR Energy as required by this Section 2.2.12.2.3, any RMR Energy provided but not included in the Final Schedule will be paid as Uninstructed Imbalance Energy. Notwithstanding anything to the contrary in the RMR Contract, neither the Applicable RMR Owner nor the Applicable RMR SC shall be entitled to any payment from any source for RMR Energy that is not bid and scheduled as required by this Section 2.2.12.2.3.

2.2.12.2.4 If, at any time after two hours before the close of the PX Day-Ahead Market for the Trading Day, the ISO determines that it requires additional Energy from specific Reliability Must-Run Units during the Trading Day, the ISO will notify Scheduling Coordinators for such Reliability Must-Run Units of the amount and time of the additional Energy requirements from such Reliability Must-Run Units (the "Supplemental RMR Dispatch Notice").

The Energy specified in the Supplemental Dispatch Notice shall be subject to the same bidding, scheduling, and delivery requirements and pricing provisions specified in this Section 2.2.12.2 as is RMR Energy not included in the Day-Ahead Schedule. If the ISO issues the Supplemental RMR Dispatch Notice less than two hours before the close of the last PX Market for any particular hour of the Trading Day, the Energy specified in the Supplemental Dispatch Notice for such particular hour shall be exempt from the bidding and scheduling requirements and the pricing provisions of this Section 2.2.12.2, except that, if the owner of the RMR Unit has already selected a payment option for any hour, the RMR Owner will be paid for that RMR Energy in that particular hour according to that payment option. If the owner of the RMR Unit specified in the Supplemental RMR Dispatch Notice has not already notified the ISO of a payment option for any hour of the Trading Day included in the Supplemental Dispatch Notice at the time the Supplemental Dispatch Notice is issued, the RMR Owner shall do so no later than one hour before the close of the next PX Market for the RMR Energy specified in the Supplemental RMR Dispatch Notice and the elected payment option for such hour shall apply to RMR Energy bid into that and subsequent PX Markets for such hour during the Trading Day.

of the ISO Controlled Grid. Such actions shall include (but are not limited to):

- (a) compliance with the ISO's Dispatch instructions including instructions to deliver Ancillary Services in real time pursuant to the Final Day-Ahead Schedules and Final Hour-Ahead Schedules;
- (b) compliance with the system operation requirements set out in Section 2.3 of this ISO Tariff;
- (c) notification to the ISO of the persons to whom an instruction of the ISO should be directed on a 24-hour basis, including their telephone and facsimile numbers; and
- (d) the provision of communications, telemetry and direct control requirements, including the establishment of a direct communication link from the control room of the Generator to the ISO in a manner that ensures that the ISO will have the ability, consistent with this ISO Tariff and the ISO Protocols, to direct the operations of the Generator as necessary to maintain the reliability of the ISO Controlled Grid, except that a Participating Generator will be exempt from ISO requirements imposed in accordance with this subsection (d) with regard to any Generating Unit with a rated capacity of less than 10 MW, unless that Generating Unit is certified by the ISO to participate in the ISO's Ancillary Services and/or to submit Supplemental Energy bids.

5.1.4 Generators Connected to UDC Systems.

With regard to any Generating Unit directly connected to a UDC system, a Participating Generator shall comply with applicable UDC tariffs, interconnection requirements and generation agreements. With regard to a Participating Generator's Generating Units directly connected to a UDC system, the ISO and the UDC will coordinate to develop procedures to avoid conflicting ISO and UDC operational directives.

5.1.4.1 Exemption for Generating Units Less Than 1 MW

A Generator with a Generating Unit directly connected to a UDC system will be exempt from compliance with this Section 5 and with Section MP 2.3.5 of the Metering Protocol in relation to that Generating Unit provided that (i) the rated capacity of the Generating Unit is less than 1 MW, and (ii) the Generator does not use the Generating Unit to participate in the ISO's Ancillary Services and/or to submit Supplemental Energy bids. This exemption in no way affects the calculation of or any obligation to pay the appropriate charges or to comply with all the other applicable Sections of this ISO Tariff.

Order No. 889

The final rule issued by FERC entitled "Open Access Same-Time Information System (formerly Real Time Information Networks) and Standards of Conduct," 61 Fed. Reg. 21,737 (May 10, 1996), FERC Stats. & Regs., Regulations Preambles [1991-1996] ¶¶ 31,035 (1996), Order on Rehearing, Order No. 889-A, 78 FERC ¶¶ 61,221 (1997), as it may be amended from time to time.

Original Participating TO

A Participating TO that was a Participating TO as of January 1, 2000.

Outage

Disconnection or separation, planned or forced, of one or more elements of an electric system.

Overgeneration

A condition that occurs when total Generation exceeds total Demand in the ISO Control Area.

Participating Buyer

A Direct Access End-User or a wholesale buyer of Energy or Ancillary Services through Scheduling Coordinators.

Participating Load

An entity providing Curtailable Demand, which has undertaken in writing to comply with all applicable provisions of the ISO Tariff, as they may be amended from time to time.

Participating Seller or Participating Generator

A Generator or other seller of Energy or Ancillary Services through a Scheduling Coordinator over the ISO Controlled Grid from a Generating Unit with a rated capacity of 1 MW or greater, or from a Generating Unit providing Ancillary Services and/or submitting Supplemental Energy bids through an aggregation arrangement approved by the ISO, which has undertaken to be bound by the terms of the ISO Tariff, in the case of a Generator through a Participating Generator Agreement.